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DOCUMENTS

RELATING TO

The Illinois and Michigan Canal.

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FEBRUARY 1, 1843.

Ordered to be printed.

REPORT OF THE CANAL COMMISSIONERS.

CANAL OFFICE, LOCKPORT,
December 15, 1842.

SIR: In obedience to law, the board of commissioners of the Illinois and Michican canal beg leave respectfully to submit their

SEVENTH ANNUAL REPORT:

In entering upon this duty, we promise to be as brief as the nature of the subject will admit. The voluminous character of the reports of the treasurer, secretary, and engineers, and the late period at which these reports were received, and a desire to place them before the Legislature at as early a day of the session as possible, actuate us to pursue this course.

To arrive at a proper knowledge of the operations of the new board, and a just view of their proceedings, reference must be had to the condition of the work at the time they took charge of it in March, A. D. 1841. There was then in circulation \$409,448 70 of six per cent. scrip issued on the 1st of March, 1840, and a large balance due to contractors upon work previously done, the exact amount of which we have no means at present of ascertaining. The secretary was called upon some time ago to prepare a statement exhibiting this fact, but has failed to do so, and it is now impossible to get at the precise sum. Mr. Gooding, the chief engineer, has, however, made an approximate estimate, based upon the best data he can obtain, and supposes it will not vary much from \$234,259, besides the retained per centage. To meet these demands there was nothing in the treasury except a few thousand dollars of State bank paper belonging to the contingent fund, which was soon absorbed in the payment of salaries and other incidental expenses. The scrip had been issued under the expectation it would be redeemed at an early period, and contractors who had balances due them were solicitous for payment. The Legislature at its then recent session had adjourned without making any provision to meet these demands, or for the further prosecution of the work, and, as might be expected, general distrust and embarrassment ensued throughout the entire line of the canal. The secretary and engineers

Thomas Allen, print.

in their accompanying reports labor to produce the impression that a general suspension of the work did not take place until after the organization of the new board of commissioners. This is not the fact. From the causes already enumerated the greater portion of the contractors ceased efficient operations previous to this time, and, in addition to the heavy debt hanging over the work, we were compelled to struggle with expiring hopes and almost universal dismay.

Under these circumstances, it was difficult to determine upon the correct policy to be pursued. On the one hand, we contemplated the overwhelming debt pressing upon the State, and which had fallen like an avalanche upon her, and the depreciation of her securities in the market, as well as the heavy and immediate demands upon the canal, we were persuaded that probably it was our duty to wind up its affairs, and leave it entirely for future legislative action. On the contrary, our own election, and a desire to sustain so great a work as far as it could be done consistent with the interest of the State, and the fact that there was yet unappropriated in the hands of the Governor about \$1,700,000 of bonds of the \$4,000,000 authorized to be sold by an act of the Legislature of 1838, '39, together with the knowledge that a large number of laborers were out of employment, and could obtain it nowhere else on favorable terms, as operations upon the public works in the west and southwest had generally ceased, forbid that we should make no effort to carry forward an enterprise in which are centred the hopes of a State, and to which she continued to look with intense and increasing solicitude. What, then, was to be done? Would it be prudent, under the circumstances, to endeavor to revive and push forward all the work or a portion of it, and if a portion only, what portion? In determining these questions, reference was made to the best information which could be obtained. Prudence, indeed, would dictate that duty required we should concentrate as much force as possible upon the greatest extent of line that could be brought into use for the least money. Actuated by this view, and deeply sensible of the magnitude and importance of the responsibility to be assumed by a change of policy, we determined on directing our attention to that part of the canal extending from Juliet to its western termination, and accomplishing as much upon it as could be done compatible with the public interest. Whether we were correct in adopting this course let facts and figures determine. The whole cost of construction was estimated by the chief engineer in his report of December 10, 1840, at \$8,480,478 68. The summit division, commonly designated the "deep cut," extending from section 1 to section 68, inclusive, a distance of only 29.51 miles, was estimated to cost \$4,853,724, upon which \$2,077,329 82 of work was estimated up to February 28, 1841, showing it would require \$2,776,394 18 to complete that part of the line, no portion of which could be used until it was all finished, as it was to be supplied with water from Lake Michigan. The middle division, extending from section 69 to section 140, both inclusive, was estimated in the same report to cost \$1,512,114 06, upon which work was done to the amount of \$993,395 44 up to the same period, showing that it would require \$518,718 62 to complete it, a large amount of which was required to be expended between section 69 and Juliet. From this point to Dresden, a distance of 17½ miles, the work was principally completed, and such as was not was under contract.

The work from Dresden to the western termination of this division, or from section 109 to 140, inclusive, had never been offered at a public letting, and consequently nothing was done upon it.

The western division, extending from section 141, inclusive, to the termination of the canal, was estimated to cost \$1,788,468 36, upon which work was done to the amount of \$1,108,263 29, showing there remained to be done work to the amount of \$680,205 07. The principal items comprising this sum are the aqueduct across Fox river, at the town of Ottawa, and the steamboat basin at La Salle. A large part of the work upon this division was not under contract. That part of it extending from section 141 to 154, both inclusive, had never been let, but the remainder had, and a portion of it abandoned. That portion it was determined to put under contract as soon as possible, as it was believed responsible persons could be found who would take it on advantageous terms. Accordingly, it was let on the 29th of May, 1841, on the express condition it was all to be completed within one year, except the Little Vermilion aqueduct, for the completion of which the time was extended a few months longer, in consideration of its being a heavy job. The report of the resident engineer will show the amount of work done upon the awards made at that time.

It is proper, however, to state that some of the contractors failed to make a commencement within the time allowed, and the work was again relet.

From the foregoing estimates it will be seen that while it would require \$2,776,394 18 to complete the summit division alone, \$1,198,923 69, to say nothing in relation to the reduction of price, would be sufficient to finish all the balance of the work, and bring twice the extent of line into use. About \$600,000 of this amount was already under contract, including the small amount of work let on the 29th of May, 1841, and the greater part of it was prosecuted during the summer with considerable vigor. Laborers could be obtained in abundance, in consequence of the almost total suspension of operations on the summit division; and from the best information in the possession of the commissioners, they were induced to believe contractors could be found able and willing to undertake, and if not finish, at least advance to a considerable extent, before the meeting of the next Legislature, that part of the line below Juliet upon which nothing had been done. Impressed with this view, and taking into consideration the comparatively small sum it would require to complete it, the length of canal it would bring into use, the character of the work to be done, requiring but a small outlay of money, being principally light excavation, the fact that a portion of it was already under contract, and was progressing more rapidly than could reasonably have been anticipated under the embarrassed condition of the country; and that there was no feeder above Juliet, at which place the Des Plaines discharges its waters into the canal, until the lake was reached, induced the determination to make an effort to let that part of the line extending from section 109 to 154, both inclusive, running in the valley of the Illinois river, and which, when completed, will connect the portion extending from Juliet to Dresden, and from Marseilles to La Salle, and give a continuous chain of navigation for sixty-three miles, about two thirds of the whole length of the canal.

Accordingly, early in the summer a party of engineers was sent to locate the line and revise the estimates, preparatory to the letting which took place on the 20th of September.

In revising these estimates no attention was paid to former ones, as the accompanying letter from the commissioners to Wm. Gooding, chief engineer, marked "A," and his reply marked "B," will clearly show. But this fact will appear in a still more striking point of view, by comparing the for-

mer with the subsequent estimates. The first estimate was made in 1836, and amounted to \$505,307 98.

The aggregate amount of the estimates made in 1841 was \$449,310 05, and the work was awarded at \$63,134 01 less than this estimate, which subtracted from it, and the remainder deducted from \$505,307 98, will show a difference in favor of the last letting of \$119,131 94, compared with the estimates of 1836.

It will be remembered by those conversant with the history of the canal, that a bill was introduced into the House of Representatives, at the last session of the General Assembly, giving this work to an "association of contractors" at the original estimate, to which, however, there was subsequently, and before the passage of the bill through the House, a proviso attached, requiring the commissioners in the first place to offer it at public letting, and if no responsible person or persons would take it at less than this estimate, and receive in payment canal bonds at par, then said work should be let to contractors associated under the provisions of the act. This proviso, drawing an invidious distinction between different contractors, compelling those *not* associated under the act to take the work at *less* than the estimate, and in the event of a failure to do so, giving it to the association *at the estimate*, would have been a weak and ineffectual barrier between incorporated power and individual enterprise. Indeed, little or no doubt can be entertained that the whole canal would soon have fallen into the hands of the company at its original estimates under the operations of this bill, if it had passed into a law, and thus the State have been compelled to pay a very large amount more for the work than it can be done for. Allusion is made to this act not for the purpose of casting censure upon any individual, but to show the loss the State would have sustained by disposing of the work on the canal according to its provisions. It may also be observed, that, having required *cash* estimates of the work to be offered for contract, and a determination not to award it at prices beyond those estimates, induced the commissioners to believe that if nothing was gained by the letting, nothing certainly could be lost to the State. The expense of the survey and location of the line would necessarily be incurred, if not then, at some future period, and the work executed would be so much done at fair prices. We could not doubt but wisdom and sound policy required we should endeavor to bring some portion of the line into use as soon as possible, and consequently that part which would give the greatest length for the least money. The course before pursued, was to confine operations to the heaviest work, leaving the lighter portions undisturbed, until there would be time just sufficient allowed for its completion at the time of the completion of the heavier work, that the canal might all be put into operation at the same moment. This idea, magnificent in its conception, but fatal in its consequences, operated in the construction of our internal improvement system, has prevailed in few other States, and is unsuited to the present age of common sense and sound economy.

The chief engineer, however, arrives at the conclusion in his report, that if the canal was completed from Juliet to its western termination it could not be supplied with water during the whole navigable part of the year, and if it could it would be of little use and afford but a trifling revenue. Upon all these points the commissioners differ with him, except the first, and as to this, they are willing to concede that in very dry seasons, probably the Des Plaines and Du Page rivers would not afford a sufficient volume for navigation during the whole time; but admit they would do it for

only half this time, and this it is presumed will not be disputed, and within this period large quantities of wheat and produce of almost every description would pass in boats to Juliet and be carried by wagons, thence to Chicago, which would return with lumber, salt, castings, and merchandise of various kinds, that would be shipped at this point for Peru on the Illinois river, and thus not only prove advantageous to a large portion of the people of the State, but a considerable revenue would be derived from the operation.

There was still another consideration connected with this subject that, aside from any other reason, would have actuated us to pursue the course we did in concentrating all the force possible upon the line from Juliet down. By reference to a former part of this report, it will be seen that it required on the first of March, 1841, according to Mr. Gooding's report of 1840, and the returns of estimates in the office, \$2,776,394 18 to complete the summit division, the original estimates for which was \$4,853,724 while its length was only 29.51 miles. This division is commonly known as the "deep cut," in relation to which there was a very animated and exciting controversy in the Legislature of 1836-'37. The fact, that so small a portion of the line upon which there were no structures of any consequence, was estimated to cost more than all the balance of the work, justly excited public attention, and led to the inquiry whether it could not be constructed upon a raised level of eight or ten feet and a supply of water drawn from the neighboring streams. The history of the controversy, growing out of this question, has been so fully detailed by the chief engineer in his report, that the commissioners find few deficiencies to supply.

Two reports were made, one in favor of and the other against the "deep cut," the former by Mr. Thomas, of the Senate, and the latter by Mr. Cloud, of the House. All the information that could be elicited upon the subject at the time was obtained, and the Legislature finally determined the work should be still prosecuted on the "deep cut" plan, without, it is believed, a thorough and scrutinizing investigation into the practicability of adopting the "shallow cut;" mainly, for the reason, that no doubt seemed to be then entertained, but that the magnificent donation of land by Congress, would yield an amount fully adequate to finish the work upon the most expensive scale.

The various engineers who had gauged the Calumet, Des Plaines, and Fox rivers, estimated the quantity of cubic feet of water they would furnish per minute, differently, and it does not appear that it was seriously contemplated at that period that any other stream could be introduced as a feeder. The introduction of the Fox, at some eligible point above Lockport, was decided to be impracticable, and no doubt was and still is. To place, however, this question beyond controversy, it was determined to employ the services of some distinguished engineer of another State, who stood unconnected with the controversy. Accordingly, the commissioners, in pursuance of law, invited Judge Wright, of New York, to make the requisite examinations, who complied with that invitation, and in the early part of October, 1837, arrived at Chicago, and soon after entered upon the duty assigned him, and the result of his investigation communicated to the Legislature in December, 1838, seems to have left the question in as much doubt as it was before. He adopted as the basis of his opinion the measurements that had been previously made by other engineers, and concluded the waters of the Calumet, as they rose in the State of Indiana, notwithstanding they swept through a portion of Illinois, where it was proposed to draw them out, and discharged

themselves into the lake within its limits, were not the legitimate waters of the State. He expresses no opinion as to the quantity of water the Des Plaines would furnish, except upon the data prepared by others, and none at all upon the quantity the Calumet would supply for the canal; nor does it appear from any information within our reach, that he directed his attention to any other streams, but arrived at the conclusion, as it was not practicable to introduce the Fox river as a feeder above Lockport, and the Des Plaines, according to the measurement of the United States engineers, would only furnish 54,800 cubic feet, per hour, and the Calumet was not the "legitimate waters of the State," that, therefore, a supply of water for the canal must necessarily be drawn from the lake.

After this report of Judge Wright was submitted, with that of the commissioners accompanying it to the Legislature, the question appeared to be put entirely at rest. But the new board, on entering upon the duties of their office, paid some attention to this subject, and, in view of the embarrassed condition of the State, the expensive character of the work, the amount required to complete it, and the settled belief that a supply of water could be obtained upon a raised level, led them to the conclusion, as they had no power to change the plan of the canal, it being fixed and determined by law, that it was the best policy to do nothing upon this division until the meeting of the next Legislature, and in the meantime more fully test the feasibility of adopting the "shallow cut;" and this opinion they freely and frankly expressed. Yet, as the principal part of it was under contract, and in making payments to contractors, they could not refuse to place those who had balances due them, or the few who continued to operate for a short time, upon an equal footing with others. A large amount of work, however, done upon this portion of the line, was effected by an arrangement between some of the contractors who held portions of it, with the Governor, in August, 1841, with which the commissioners had nothing to do.

The result of the chief engineer's investigations pertaining to this matter, will be found embraced in his report. It will be seen he proposes three plans for the completion of the canal upon a raised level of eight feet, neither of which, however, he specifically recommends, but his opinion can be very easily drawn from his report. The cost of the first he estimates, inclusive of feeders, at \$1,777,536 28, the second, \$1,873,187 96, and the third \$1,992,156 03. To make up these amounts, it is assumed that it will require \$230,000 to settle with the old contractors and induce them to relinquish their jobs. Deduct this sum from the amount required to complete the work on the first plan, for it has not properly anything to do with the construction account, and it will show that \$1,547,536 28 will be required to finish the entire canal, being \$1,228,857 90 less than the amount required to complete the summit division alone, on the first of March, 1841. Four hundred and fifty-nine thousand four hundred and fifty-two dollars; forty-eight cents, the amount now estimated to finish this division, according to the present plan, deducted from \$2,776,394 18, will show a difference in its favor of \$2,316,941 70, when compared with the work to be done upon it on the first of March, 1841. The same process of reasoning and the same general results will hold good in reference to the other two plans except they are estimated to cost a little more.

It should not be forgotten either that in adopting either of these plans the water power upon and the navigation of the feeders created by their construction, is computed to be worth as much as their cost.

In the estimate of Mr. Gooding, it will be observed he has included the cost of constructing a feeder from the Kankakee, and has expressed the opinion it will be necessary to introduce the waters of that river to insure a sufficient supply in dry seasons. The data upon which he arrives at this conclusion is based upon the calculation that it will require 9,924 cubic feet of water to supply the canal from section No. 1 to Marseilles, from which point it is to be fed from Fox river, and that the Calumet, Des Plaines and Du Page rivers will only supply, allowing for all losses, 6,300 cubic feet per minute, showing a deficiency of 3,624 cubic feet per minute. N. D. Elwood, one of the resident engineers upon the line, and one who has bestowed a good deal of attention upon this subject, has furnished the president of the board with a statement which he thinks will stand the test of the most rigid scrutiny, in which he gives it as his opinion that these three last-mentioned streams, Calumet, Des Plaines, and Du Page, will furnish a volume of water in the average equal from 12,000 to 15,000 cubic feet per minute in their ordinary stages, from 30,000 to 40,000 in their highest, and 9,000 in their lowest; and he does not hesitate to express the belief they would be sufficient to feed the summit division, and afford besides a considerable surplus for manufacturing purposes. Whether Mr. Elwood or Mr. Gooding is right, the commissioners will not undertake to determine; but from the magnitude of the question involved, it will require further investigation. It may, however, be remarked here, that if the Calumet, Des Plaines, and Du Page, should prove inadequate to supply the canal with the water after a fair test, the Kankakee could afterward be introduced at no greater cost than at first.

Another serious, not to say insuperable objection to the "deep cut" is, that experience has proven quicksand is encountered from ten to eighteen feet below the surface of the earth at different places, which would be difficult and expensive, perhaps impossible to overcome; and from the depths of the banks they would necessarily give way, to a greater or less extent, and wash into gulleys by the action of the surface water, and form bars in the canal sufficient, in many instances, to obstruct the navigation, unless removed.

From all these facts, at least one important conclusion can be arrived at, and that is, that it would be the part of wisdom to abandon the "deep" and adopt the "shallow cut," and the commissioners do not hesitate to recommend such a course in the strongest terms. The immense difference in the cost of the two plans, and the time that would be saved in finishing the work, to say nothing about the impossibility of providing funds to complete it as originally undertaken, should alone be sufficient to produce this result. As to whether it would be prudent to adopt the first, second, or third plan detailed by Mr. Gooding in his report, we respectfully suggest it would be proper for the legislature to leave the commissioners to exercise their best discretion in the premises, after a more thorough and searching investigation into the matter.

The probable loss to the State by adopting the "deep cut" in the first instance upon the work already done, Mr. Gooding estimates at about \$1,225,000.

The only obstacle presented to adopting the "shallow cut," is the contracts already existing upon the summit division. All but thirteen sections of this division are considered in this condition, and the chief engineer estimates it will require \$230,000 to settle with the contractors, inclusive of the

per centage retained. Thus sum the commissioners believe to be greatly too large, and they have no doubt but the difficulty presented can be easily removed for a much less amount. The best manner, however, to effect it, is a matter of some doubt. The history of the public improvements of the State furnish mournful evidence of the fact that when individuals claimed damages, they were almost certain to obtain as much as their consciences would allow them to ask. Persons who had extravagant notions of the value of property were generally selected as witnesses, and the damages allowed were in accordance with their opinions. This would probably be the case in the present instance, unless the legislature should throw around the settlement of these contracts safeguards to prevent similar abuses. The commissioners by no means desire to oppress the contractors, nor do they hesitate to express the belief that they would be entitled to compensation if their contracts are taken from them; but they would prevent, if in their power, anything beyond a fair and just equivalent.

Upon the remainder of the line no obstructions of this kind will be encountered. As there exists no necessity of a change of plan, the old contractors can proceed with their jobs. And as to the work let by the new board it will all be subject to the control of the legislature, or our successors in office after the 4th of March next. It was thought necessary on letting it, to require its completion within a specified time, and to provide that no damage should be paid if the work should cease for any reason. That time has expired, but with a view of having as much done as possible, the commissioners agreed to extend it to the period designated.

Although the word "contract" is used in relation to the work let by them, for the sake of convenience, there was in fact no contracts executed, with very few exceptions, and these have since been declared abandoned, or subject to be at any moment. If it should hereafter be thought advisable to offer the work again for letting, under the supposition it can be finished for less money, there are no difficulties in the way to prevent such a proceeding. We determined that we would encumber the canal with no contracts or propositions to extend beyond the terms of our office, but leave that portion of it, subject to our control, as free as when we took charge of it.

Reference is made to the report of the resident engineer, for the amount of work done since March, 1840. Although not as much has been accomplished as was at one time expected, owing to the constantly declining value of State securities, and other almost insurmountable obstacles which met us at every step from the commencement of our official duties, still something has been effected under as gloomy and discouraging circumstances as were ever encountered in the construction of a public work.

At pages eleven and twelve of the chief engineer's report, he alludes to an investigation he was directed to make as to what would be the difference in the cost of completing the summit division by cutting it two feet less in depth than was required by the original plan, and making it twenty feet in width? and the result of his calculation is, that it would reduce the expense \$818,691 31, leaving it twenty-four feet in width. It will be observed, he expresses the opinion it would not be practicable to make the suggested change; and, as little doubt now exists as to the adoption of the "shallow cut," it is unnecessary to discuss the question. It might, however, have become one of some importance under other circumstances. The lake was to furnish six feet of water, according to the original design,

and a canal supplied with four feet of water, with less breadth, would certainly be preferable to no canal. And if the lake had failed to supply this quantity, and it should become necessary to let the Calumet in, it could have been done at a comparatively trifling expense, and an abundance of water obtained.

As has already been stated, a heavy debt, pressing for immediate payment, was hanging over the canal at the time we entered upon the discharge of our duty. Many of the contractors who had balances due them in the office, were purchasers of land and lots, and as there were no funds to pay them, they desired that these balances should be received in payment of their obligations, while others, who held the scrip, were daily making application that it should be also received in the same way. The question presented was one of a peculiar and delicate nature. The State owed an individual upon one account, and the individual the State upon another. Yet there was no law expressly providing for an offset. Under these circumstances, fully considering the nature of the responsibility, the commissioners unanimously determined they would be justifiable in making it. Accordingly, they established a rule, that they would receive, in payment for all dues to the canal fund, scrip and orders drawn upon them, quarterly, all sums over \$50, from those who had claims upon that fund, not only as an act of justice to the individuals, but as a matter of policy, whether the obligation to be discharged, was due or not. To effect this, it was deemed advisable to give an acceptance of the order, file the same in the office, and receive the acceptance in payment.

The same reason which led to the adoption of this course, operated to induce us to give the same kind of acceptances upon orders drawn for work afterward done, both upon the old and new contracts. They were, however, found to be inconvenient in the transaction of business; and what is denominated "canal indebtedness," was issued for the joint purpose of redeeming these acceptances, and paying future estimates. This evidence of indebtedness was printed on the back of engraved checks, procured by General Thornton for another purpose, and ran thus: "Due from the commissioners of the Illinois and Michigan canal to A. B., for work done upon said canal, _____ dollars, which will be paid when funds are provided for that purpose." It will be seen this indebtedness draws no interest, and that no specific time is fixed for its payment. With a view, however, to enable contractors to progress with their work, and create a demand for it, in addition to that which would grow out of the debts already due to the canal fund, it was agreed to hold sales of lands and lots, under existing laws authorizing them, and receive it in payment. Accordingly, two sales were held—the first in 1841, and the other in 1842. The aggregate of these sales is shown by the treasurer's report to be \$286,758 04.

The Secretary's report shows that \$227,770 00 of acceptances were issued, \$168,197 57 of which have since been redeemed, and that \$399,910 00 of canal indebtedness was also issued, \$106,731 87 of which has also been taken up, leaving \$352,750 56 of both species of indebtedness still outstanding.

It will also be seen from the treasurer's report, that the amount of bills receivable now on hand is \$520,282 50. This includes the unpaid balances due upon miscellaneous accounts for trespasses on canal lands, timber, &c., the sales of 1841, '42, and all previous sales, inclusive of the sales of canal lots in Chicago and Ottawa in 1836. How much remains unpaid upon

those lots is not shown, nor can it properly be included in the amount due the canal fund, as the relief law passed at the last session of the Legislature, as construed by the supreme court, measurably wiped that debt out of existence. It is believed, however, if this amount is deducted from the \$520,282 50, enough will remain to redeem nearly two-thirds of the indebtedness and acceptances yet in circulation. There being no other means for its absorption, the large amount it became necessary to pay out upon work previously done, a portion of which was not estimated until in the spring and summer of 1841, and the scrip outstanding, caused its value to decline, and consequently gradually lessened the amount of work performed, until it is now almost entirely suspended. If the canal had been free from embarrassments, little or no doubt can be entertained that much more would have been accomplished.

Should it be determined to make the canal property hereafter available in the construction of the work, the necessity will exist of reducing the time of payment to one, two, and three years. We are clearly satisfied that long credits operate injuriously to the interests of the State and purchaser, and ought not to be allowed. It may also be questioned whether the State derives any advantage from the restrictions imposed by law upon the lands lying within half a mile of the canal; they are certainly no more valuable for agricultural purposes than those more remote from the line, and it is presumed as many town sites have been selected as the State will derive profit from.

Efforts were made during the present year to lease water power at Ottawa, that mills might be erected against the Fox river feeder could be finished and ready to supply them, little remaining to be done upon it; but these efforts proved fruitless, owing, it is believed, to the oppressive character of the law regulating the disposition of this power, approved February 22, 1839. This law provides that leases shall contain a reservation of the right wholly to resume the water conveyed, and the privileges thereby granted; and to control and limit the use of such water and privileges, whenever, in the opinion of the board, or Legislature, the necessary supply of water for the use of the canal, or the safety of the canal, or the works connected therewith, shall render such resumption, control, or limitation necessary; and a provision, that when such resumption is made, or control or limitation imposed, no compensation or damage shall be allowed for any improvements or erections made in consequence of such lease, and a further reservation shall be made of the right of the State, without any compensation to the purchaser, wholly to abandon or destroy the work by the construction of which the water privileges shall have been created, whenever, in the opinion of the Legislature, the occupation and use of such works shall cease to be advantageous to the State. We, therefore, respectfully suggest, whether it would not be proper to revise the law, so as to remove these objections. Unless it is done, few individuals will be found hardy enough to lease the power.

The payment of attorneys' fees and costs upon unsuccessful suits, commenced by the land agents, has been a serious tax upon the canal fund, and the present board at once determined that the State was not liable in such cases, and that it was the duty of the prosecuting attorneys to attend to all business in their respective circuits in which the State was interested. Some doubts, however, having arisen in reference to these questions, the commissioners have made an agreed case with the sheriff of La Salle county, which

will be submitted for decision at the present term of the supreme court, testing the liability of the State to pay costs, and if it should be determined she is liable, some further provision of law may become necessary in the premises, as well as an act to extend the duty of prosecuting attorneys, requiring them to attend to all causes arising out of the canal, or any of its property.

It will be remembered General Thornton negotiated a loan in 1840, of \$1,000,000 on behalf of the contractors, with Magniac, Smith, & Co., of London, and at the last session of the Legislature gave a detailed account of the transaction, and showing the State had realized \$1,075,000 from the bonds. On an investigation of the affairs of the canal we discovered a deficiency, as appeared from the books of the treasurer, of eighteen thousand dollars, and caused the fact to be communicated to him, and in December last he visited Lockport and made such exhibits of his accounts that we were then satisfied there was nothing wrong. He had been authorized by a power of attorney from the Governor, to purchase scrip with a portion of the proceeds of the bonds, which he had done; and a letter from Nevins, Townsend & Co., of New York, acknowledged the receipt of about \$47,000 out of the amount for interest advanced by them on canal bonds, or rather, loaned to General Thornton to pay it. But this letter not being such a voucher as the commissioners could receive, the whole matter was left open for future settlement after General Thornton should proceed to New York, and obtain the proper evidence of the payment of the money, which he promised to do, and return to Lockport. This, however, he did not do, and the whole matter rests as it was. The high character General Thornton sustains, forbids the idea that he is a defaulter, but we feel it our duty to communicate the facts of the case.

The fund commissioner will doubtless furnish a statement showing the amount of interest paid upon bonds negotiated for canal purposes, as a law of the last session of the General Assembly made it his duty to pay it. It may, however, be remarked that no bonds have been disposed of for this use since the report of the Commissioners in December, 1840, except the \$197,000 mentioned in the report of the secretary of the board.

The branches of the State bank, in a few instances which have come to our knowledge, have re-issued the checks mentioned in the report of the secretary, and for the redemption of which money was left on deposit by the commissioners. Whether this was done with the knowledge or sanction of the mother bank we have no means of knowing. The act is certainly reprehensible in the highest degree, and a repetition of it will be prevented if possible. Perhaps the interposition of some legislative provision would be the most effectual check to such unwarrantable conduct.

This report is principally confined to some of the great and leading questions connected with the canal, but if there is any information desired, not embraced in it, or those of the different officers accompanying it, it will gladly be furnished.

In conclusion, we refrain from presenting any plan for the further prosecution of the work. This question is one of so much magnitude it is desirable *all* the friends of the canal should agree upon a bill to be presented to the Legislature, having this object in view, and we earnestly hope this will be the case. It can not well be otherwise than that differences of opinion will exist, but let these differences be harmonized and concessions made, if necessary, for the sake of an enterprise upon the success of which de-

pend the present hopes and future prosperity of the State, and her ultimate redemption from the pecuniary embarrassments which are now weighing her down. All of which is respectfully submitted.

I. N. MORRIS, *President.*

His excellency THOS. FORD,
Governor of the State of Illinois.

The foregoing report of the president of the board was submitted to me this morning for my inspection and approval. I regret, extremely, that I am under the necessity of differing with him generally, in his arguments and conclusions, as set forth in his report. I regret this difference of opinion the more sincerely, from the fact of the great importance of unity of action with the friends of the canal, and more particularly with those to whom its supervision is intrusted. It is only, therefore, from laboring under deep conviction that a portion of the policy as pursued on the canal, and advocated in the report, has been wrong, and is such that I can not subscribe to. The great anxiety manifested by the members of the Legislature to obtain the commissioners' report, with the accompanying documents, precludes me, at this late day, from entering into a detail of my views on the subjects of difference, or from making such a report as I should desire; but will at all times be ready to give any information within my knowledge, that may be required.

I beg leave to state, that I have carefully examined the reports of the several officers herewith submitted, and find them to be a full and satisfactory exposition of their respective departments; should they not furnish all the information desired, I shall at all times be ready to give such further information on the subjects as may be in my power.

Respectfully submitted.

JACOB FRY,

Acting Commissioner of the Illinois and Michigan canal.

SPRINGFIELD, December 17, 1842.

NOTE BY THE PRESIDENT OF THE BOARD.

The president of the board equally regrets that any difference of opinion should exist between him and the acting commissioner, but duty to himself, and to what he conceives to be the best interest of the State, forbids him to withhold his recommendation of completing the canal upon the raised level plan or "shallow cut."

I. N. MORRIS, *President.*

JANUARY 10, 1843.

Report of the Committee on Finance, to whom was referred the resolution of the House, relative to the available means and current expenses of the State.

Mr. Arnold, from the Committee on Finance, to whom was referred the following resolution, to wit :

“ Resolved, That the Committee on Finance be requested to report to this House a statement of the amount of the present indebtedness of the State, together with a statement of her available means, her present and prospective resources, the probable amount per annum which the current expenses of the State will require for the next five years ; also, the probable amount which can be raised under the present revenue system, per annum, for five years to come ; the expediency or in expediency of reducing the present rate of taxation, and the practicability of adopting some system of financial policy, which, while it shall not impose on the people oppressive taxation, will ultimately relieve the State from debt ;”

Have had the same under consideration, and submit the following report :

The present indebtedness of the State, exclusive of the bonds held by, and debts due to the State Bank and Bank of Illinois, is as follows :

Canal Debt.

Bonds negotiated on account of canal	-	-	-	\$3,742,188 00
Interest due on same, January 1, 1843	-	-	-	224,531 28
Canal scrip bearing interest	-	-	-	341,972 71
Interest due on same, Jan. 1, 1843, two years, nine months	-	-	-	56,425 49
Certificate of indebtedness not bearing interest, about	-	-	-	300,000 00
Due contractors, per centage retained	-	-	-	120,000 00
Total canal debt, January 1, 1843				4,785,117 48
Bonds issued on account of internal improvement system	-	-	-	5,085,444 00
Scrip issued to contractors	-	-	-	929,305,53
Interest due on above, January 1, 1843	-	-	-	541,327 46
Bonds issued for statehouse	-	-	-	121,000 00
Interest probably due	-	-	-	10,000 00
Due school, college and seminary fund	-	-	-	808,084 48
Interest due January, 1843	-	-	-	48,485 04
				12,328,913 69

Resources of the State.

Canal lands amounting to 230,467 acres.				
Lots in Chicago, unsold	-	-	-	370
Lots in Lockport, unsold	-	-	-	679
Lots in Ottawa, unsold	-	-	-	914
Lots in La Salle, unsold	-	-	-	1,528

These lots vary in value from \$10 each to \$5,000.

Amount due canal fund for lots sold, \$207,682 53.

The Illinois and Michigan canal, with its water power, stone quarries, coal beds, &c., forty thousand acres of land, purchased by the State, and selected along the lines of contemplated railroads, estimated to be worth from \$5 to \$10 per acre; 210,000 acres of valuable lands, selected under the late distribution bill of the United States; ninety thousand five hundred and seventy-seven and fifty-seventh hundredths acres of these lands, have been estimated by the commissioners who located them, to be worth the sum of \$357,199 18. This estimate is made by the separate valuation of each tract, and is, therefore, entitled to great consideration. The aggregate value can not be greatly less than one million of dollars.

The value of the canal lands, lots, and property, depends on the completion of that great work. Without going into detail in this portion of the report, we now hazard the statement that the canal property will, on the completion of the canal, if properly husbanded and judiciously sold, extinguish the entire canal debt.

There is, also, fifty-five miles of railroad from Springfield to Meredosia, which is rented for \$10,000 per annum.

Railroad iron, value unknown.

Unsettled claims due internal improvement fund, amount unknown.

Three per cent. fund from sale of lands, due 30th June last \$37,206 39

Our share of proceeds of public lands to July, 1842 - 51,909 35

Recapitulation—Amount of debt as shown above \$12,238,913 69.

Canal Resources.

Consisting of lands, lots, water power, &c., on its completion, will be worth, say	\$6,500,000 00
Amount due for lands and lots sold	207,682 53
Forty thousand acres of land belonging to internal improvement fund, at \$7 50 per acre	300,000 00
Two hundred and ten thousand acres, worth	1,000,000 00
	<hr/>
	8,007,682 53
Add value of Meredosia railroad, &c.	500,000 00
	<hr/>
	8,507,682 53

Also, mill-sites, rights of way, &c., of very considerable value.

Thus it is seen that we have the means of paying more than two-thirds of our present debt, without direct taxation, within a short period, if it could be converted into money. But this property can only be made available by exchanging it for our liabilities, and the largest item, to wit, the canal resources, are of comparatively little value before its completion.

It will be observed, that the amount of debt, bearing interest, does not vary far from eleven millions of dollars, the annual interest on which is \$660,000. This is an amount, all will admit, beyond the ability of the people, at present, to pay, by direct taxation. However painful such a conclusion may be to our State pride, it is one from which we can not escape; our credit is gone, a debt of fearful magnitude hangs over us, and a question of most intense interest now arises—what shall be the future policy of the State with regard to this debt. Your committee feel pride in saying, that the voice of the people, through their executive, through the legislature, through

every organ by which it could be heard, have pronounced the noble determination, never to repudiate. Such is the honorable attitude which this State has assumed with regard to the public debt. We have, by resolutions unanimously adopted, reiterated the pledge, that we will devote all our available resources, beyond an economical administration of the government, to the reduction and ultimate extinction of the public debt. The question then returns for our most deliberate consideration—what shall be the future policy of the State; how can our resources be best made available to discharge our debts.

It will be observed, that our debt is divided into two distinct portions, each of which was incurred for a particular object, and for the payment of which, in addition to the plighted faith of the State, there are distinct securities: the canal debt, and the internal improvement debt. For the canal debt, there is pledged the canal lands, tolls, &c. The value of these securities depend on its completion. There has already been expended on the work between four and five millions of dollars, and it will require one a half millions more to complete it, on a plan of the high level.

It is supposed that within a short period after its completion, say one or two years, that the lands, town lots, water power, &c., may be sold for an amount equal to its entire cost. This being effected, would leave its entire revenues to be devoted to the payment of the remaining indebtedness of the State, and defraying its expenses. It is supposed that the amount to be derived from its tolls would be sufficient, within two years after its completion, to pay the interest on the present State debt, after reducing that debt by sale of canal property and internal improvement property, as will be detailed hereafter. Your committee have thought it not improper to examine the truth of the above positions, and to furnish to the House their estimate of the value of canal lands, and the revenues to be derived from that source.

1st, What will the canal property be worth on its completion? It has been estimated by an able financier of New York, who has given to the subject great attention, and who is notoriously cautious, that these lands, including town sites, will be worth, on an average, \$30 per acre. This estimate will give nearly seven millions of dollars. This estimate is not, in the opinion of your committee, extravagant. These lands, donated by the United States to Illinois, for the purpose of aiding in the construction of this work, are not surpassed, in richness and fertility, by any on the globe. Situated in the immediate vicinity of this work, there would be great facilities for market. A very considerable portion of them are covered with heavy timber, which alone is worth the above estimate.

We would call the attention of the House to the effects which other canals have had on the price of real-estate lying in their immediate vicinity. The western portion of the Erie canal ran through a wild, unsettled country, covered with a heavy forest; yet the lands on its border, although they required the labor of a lifetime to bring a small farm under cultivation, and were neither so rich nor so productive as ours, rose, in a few years, from a nominal value, to be worth from twenty to thirty dollars per acre, and are now valued at from forty to one hundred dollars per acre. It is the opinion of many, that the costs of transporting the agricultural products from the line of the Illinois and Michigan canal to Buffalo, would be more than balanced by the greater productiveness and less expensive cultivation of ours; and on the completion of the canal our lands would be quite as valuable as those lying on the Erie canal.

Inexhaustible mines of coal are found upon them; flourishing villages have already sprung up on these lands, and are rapidly increasing and enhancing their value. The business of the canal would soon convert these villages into large towns. But a few years would pass before Illinois would have her Buffalo and her Rochester. Chicago, Lockport, Juliet, Ottawa, and La Salle, would, at no distant day, rival the flourishing towns of western New York, and the same impulse of prosperity would be given to every village, town, and farm, lying on the Illinois river, to its termination. Taking these things into consideration, we feel warranted in saying that the value of the canal property, on the completion of that work, will equal its entire cost.

2d, What amount of revenues will the canal yield? It requires very little consideration to perceive that there is no other work in the Union, perhaps none in the world, which, with the same number of miles of artificial navigation, opens a trade between territories so extensive, and so rich in agricultural and mineral products. It will complete the water communication between the east and west. The whole territory lying on the great lakes, so rapidly advancing in population and wealth, with the whole valley of the Illinois, the Mississippi and its tributaries, will be brought into commercial intercourse. In addition to the immense amount of agricultural products which it would carry to market, there would be large items of lumber, salt, coal, lead, merchandise, and manufactured goods from the east, to the whole valley of the upper Mississippi, and the groceries of the south, &c.

Experience has shown that, as a general proposition, the northern market, for nearly all agricultural products, is the best. In looking to the probable revenue from the Illinois and Michigan canal, we see that a belt of country, extending from Chicago to the mouth of the Illinois river, and for sixty or eighty miles north and south of this line, would do its business on this canal. This would embrace a section of the State capable of producing an agricultural surplus, as large as that produced by the whole State of New York. All this section of country would be supplied with merchandise and manufactured goods by this artery of trade. In the single articles of salt and lumber, we think it susceptible of demonstration, that a majority of the counties so situated would save an amount annually, more than sufficient to pay their portion of the interest on the entire public debt. Take for example the county of Sangamon. She paid to the State revenue in 1841 between \$10,000 and \$11,000. She consumes ten thousand barrels of salt per annum, which, at three dollars per barrel, costs her \$30,000. On the completion of the canal, she could save on it at least one dollar on a barrel, and at the same time obtain a very superior article.

The average cost in Chicago, say \$1 37 per barrel	-	-	\$1 37½
Transportation from Chicago to Meredosia	-	-	37½
Meredosia to Springfield	-	-	25

2 00

Saving on ten thousand barrels, \$10,000. An equal amount could be saved on lumber.

Wheat has been worth, on an average, thirty cents a bushel more in Chicago than in Springfield. The cost of transportation could not, on completion of the canal, exceed ten cents a bushel, leaving a net gain of twenty cents a bushel. This would amount, in a surplus of one hundred thousand bushels, to \$20,000. These estimates can be readily carried out so as to demonstrate, that every county within seventy miles of the canal

or Illinois river, would make a net gain of thousands of dollars per annum, on the completion of this work. The tolls on the Erie canal, in the year 1825, the first year after its completion, amounted to \$566,000; in 1826, to 762,000. In 1833, after a reduction of twenty per cent., they had increased to \$1,542,695. In 1826, when the tolls on the Erie canal amounted to \$762,000, there was less business done than will be done on ours the first year after it goes into operation. Ohio, Michigan, Indiana, and Illinois, were then comparatively a wilderness, and their rich soil, the products of which have swelled the income of the Erie canal to millions, was useless for want of labor, and its rank vegetation rotted in the depths of the forest, and on the face of the broad prairies. Even as late as 1836, when the aggregate value of the property transported on the Erie canal, was \$67,000,000, \$50,000,000 belonged to the citizens of the State of New York. The tolls that year amounted to \$1,614,342 06. Why should not the amount of property on the Illinois river, and Illinois and Michigan canal, within a few years after its completion, equal that belonging to citizens of the State of New York at that time? Our soil is far more productive, is cultivated at much less expense, our population equally industrious and enterprising, and our climate more desirable. We are willing then to give it as our deliberate opinion, that the tolls of the canal, on its completion, will, within a short period, pay the interest on our entire public debt, reduced, as it will be, by sale of canal lands, and internal improvements, and other property. The House will perceive how important to the credit and ability of the State, to pay her debts, is the completion of this work.

Again, the completion of this work will, in the opinion of your committee, add millions to the taxable property of the State, and increase her ability to pay taxes, and, consequently, lessen the rate of taxation. The Erie canal was completed in 1825—for the ten years next preceding its completion, the real and personal property of the State had decreased from \$281,255.123, the amount assessed in 1815, to \$263,427,346, amount assessed in 1825; showing a decrease, in ten years, of \$17,827,777. The increase for the ten years next subsequent to its completion, was from \$263,427,346, to \$528,576,379; showing an increase of more than one hundred per cent. in ten years. The proportionable increase in Illinois would be still more rapid in consequence of the influence this great work would have upon immigration. The aggregate wealth and taxable property would be most rapidly increased by the introduction of men and capital from abroad. The facilities for market, created by the canal, would result in the immediate and dense settlement of the entire section of the State bordering on the canal and Illinois river, which is but a continuation of the canal, and its rich soil would be brought into immediate cultivation. The value of the products of this entire section would be increased from one-third to one-half, by opening this avenue to market. Immigration would flow in, real estate would rise, and the aggregate value of the property in the State would be increased to an extent scarcely to be appreciated.

Here then is a work requiring one and a half millions of dollars to complete, and when completed, it will, first, add at least three millions to the value of canal property, and make it marketable. Second, it will yield a revenue, within a few years, equal to the annual interest of ten millions of public debt. Third, it will add from fifty to one hundred millions to the aggregate taxable property of the State.

Such is the importance, in a financial view, of the finishing of the canal, as one of the resources by which our public debt is to be paid.

In connexion with this subject, we would recommend that all the property belonging to the internal improvement system, the forty thousand acres of land, and the Meredosia railroad, and the two hundred and ten thousand acres lately received from the United States, be valued at a fair and reasonable valuation, and sold for bonds and scrip. In this way we believe the debt may be, honorably and honestly, very considerably reduced, and the burdens of the people relieved. Your committee believe that the legislation now in progress will relieve the State from the bank bonds and debt. If, then, we can liquidate and extinguish the bank bonds, and debt, diminish the internal improvement debt by the sale of property, provide means for the completion of the canal, and thus obtain a permanent source of large revenue, we shall relieve the State from her embarrassments, and, at no very distant period, be able to relieve the people from taxation to pay the expenses of government. But it is for the interest of the people to strain every nerve, to make almost any sacrifice to obtain means to put the canal in operation. A bill has been submitted to the House, by the appropriate committee, to obtain money to complete this work. The success of that project depends upon the State doing nothing to forfeit or shake confidence abroad, in her integrity and disposition faithfully to fulfil her obligations to the full extent of her ability. This confidence is to be retained as well by our actions as by declarations and resolutions. This brings us to consider the question, whether the State should reduce the present rate of taxation. This is a question of great difficulty, and to which we have given the most careful examination. We understand and appreciate the difficulty in the people's paying high taxes at the present time; we know the embarrassments under which the people are laboring, from the want of a market for their agricultural products, and from the want of a circulating medium, and, while we are in favor of taxing as high as possible, we are aware that there is a point beyond which taxation can not go. If the present rate of taxation results in the depreciation of property, or in causing citizens to remove from the State, or in deterring others from coming into it, it is unquestionably too high, and should be reduced. But the present rate of taxation has not, so far as we are advised, produced such results. The rate is not as high as in many of our sister States.

In Indiana the State tax has for several years been forty cents on the hundred dollars. In 1841 the value of the taxable property in that State was one hundred million of dollars, and the tax raised was four hundred thousand dollars, in addition to which there was a poll tax of seventy-five cents.

Ohio pays a still higher tax. The amount of taxable property in that State in 1840 was \$112,037,861. The State and canal tax, &c., was \$562,993 68. This, including school, bridge, town, and all other taxes, amounting in that year to the enormous sum of \$1,770,161. And yet there is not, and has not been, a more prosperous State in the Union.

This State has adopted the peculiar provision in her revenue law, that if in any year the treasurer perceives that the amount to be raised by the tax is not sufficient to meet the accruing interest on her public debt, it is made his duty to add to the rate an amount sufficient to do so. By such vigorous efforts, this noble State has, amid all the fluctuations and embarrassments of the times, maintained her credit, and been enabled to obtain money to

complete her public works. Under all her burdens of taxation she has outstripped all her sister States in their progress in wealth and population. High taxation has not impoverished but enriched her, because it has been judiciously expended. In less than forty years her population has increased from 50,000 to 1,500,000.

The present rate of taxation in this State is thirty cents on the hundred dollar, ten cents of which is set apart for payment of interest on our debts, and can not be used for any other purposes. The twenty cents on the hundred dollars will not, in the opinion of your committee, very much more than defray the ordinary expenses of government, and pay the interest on the school, college, and seminary fund. The ordinary expenses of the government, even for the last few years, have considerably exceeded the receipts.

The following is a statement, by the Auditor, of the ordinary receipts and disbursements for the last eight years:

Year.	Ordinary receipts.	Ordinary disbursements.
1835	\$70,100	\$66,700
1836	79,000	84,000
1837—38	117,000	235,000
1839	61,700	186,000
1840	106,220	177,114
1841	103,065	179,807
1842	202,219	87,959
	<u>739,304</u>	<u>1,016,281</u>
		Deduct <u>\$739,304</u>

Excess of expenditure for the last eight years

276,977

This statement shows the importance of adopting some efficient and permanent system of revenue for the future. The auditor estimates the amount of auditor's warrants in circulation in April next, will be \$128,898 26, as follows:

Warrants now outstanding	\$28,898 26
Amount necessary for the expenses of the Legislature	50,000 00
To pay interest on school fund, salaries, &c.	50,000 00
	<u>128,898 26</u>

These warrants could be receivable in payment of taxes, and thus facilitate their collection, and relieve the people from the difficulty of procuring gold and silver.

The taxable property of the State, by the assessments of 1841, is \$69,831,419. The taxes assessed that year amounted to \$210,445, of which only \$169,000 was collected. The balance went to defray the expenses of collection, or allowed as credits to delinquent tax-payers, or was levied on real estate, sold or bid in by the State for taxes.

The revenue for 1842, is estimated at \$240,000 00
Expenditures of that year, estimated by the Governor at 137,492 00

The average amount of annual expenditure will not exceed (under the spirit of economy which we trust will hereafter be adopted), for five years, \$135,000 per annum.

The expense of collecting the revenue may be greatly diminished, and the burdens of the people may be greatly relieved, by cutting down the fees of officers in all the departments of the government; to effect this object the committee are preparing bills. While the committee are unwilling to do anything calculated to injure the credit and reputation of the State, yet, from reviewing the whole subject, a majority of the committee have come to the conclusion that, from causes which are temporary in their character, arising from the derangement of the currency, the absence of a circulating medium, and the want of a market for their agricultural products, that the people can not, without great sacrifice and inconvenience, pay the present rate of taxation. They, therefore, recommend a temporary reduction, and at the same time a reduction in the expenses of the government.

The committee hope that the causes which compel this reduction may be of short duration, and that, as soon as practicable, the present rate shall be adopted and continued until the people shall be relieved from the burden by the revenue of the canal, and by the disposition of the property of the State to her creditors. By this course, and by adopting the present rate for a given number of years, we shall provide for the current expenses of the government, and have a constantly increasing surplus to be applied to the reduction and eventual extinction of the debt. The reasons why it should be permanent are these—it would create confidence in our integrity; it would encourage immigration. The great mass of innigrants who are diverted from our State, are operated upon by two reasons; the fear and disgrace and evil of repudiation on the one hand, and on the other hand the fear of oppressive taxation; every mechanic, every farmer, every capitalist, would then know precisely what rate of taxation he would have to pay, and he could easily compare the rate of taxation in this and other States, and this rate would compare favorably with that of several other States.

The amount received from taxes would increase very rapidly, by the increase of taxable property, especially after the completion of the canal; the amount of taxable lands will also be greatly increased during the next five years. The following statement shows the number of acres of land in this State, sold by the United States, compiled from the reports of commissioners of the General Land Office:

In 1836	-	-	-	3,199,708.64	acres.
1837	-	-	-	1,012,489.10	"
1838	-	-	-	778,560.32	"
1839	-	-	-	752,158.99	"

These lands will become taxable five years after their days of sale, respectively. The aggregate amount to become taxable in the State, according to statement of auditor, is as follows:

In 1843	-	-	-	14,271,000	acres.
1844	-	-	-	15,000,000	"
1845	-	-	-	16,132,876	"

We are confident that the adoption of the system recommended, will result in the State obtaining money on the security proposed to complete the canal, maintain our honor, and ultimately relieve the State from debt; it will, without oppressive taxation, extricate us from overwhelming difficulties, preserve our name untarnished, complete our canal, and add millions to the taxable property of the State. Should the State, by a general and permanent reduction of taxation, induce the world to believe that she never intends to pay, our canal can not be completed, its property will depreciate, we shall

sink deeper and deeper into debt, interest will accumulate upon principal, until the load becomes beyond the ability of the State to sustain, and actual or passive repudiation is inevitable and unavoidable.

We are aware that it requires some sacrifice, much patriotism, and a stern regard for duty and their obligations, to induce the people to adopt and pursue the policy recommended; but we believe they are willing to make the sacrifice, and that they have patriotism and a love of justice adequate to the occasion. A crisis has arrived in the financial history of Illinois; we have awakened from the delusions of the past; our future destiny depends upon our present determination. If the State will arouse every energy, put forth all her strength, it is not too late to rescue her from the abyss of bankruptcy and degradation into which she has been tending; but if we allow our energies to be paralyzed by despair or indifference, we are lost for ever; we shall float down the current until our case is desperate, and to struggle will be in vain.

We have as a State almost inexhaustible resources, rich capabilities, and it needs only honesty, wisdom, and economy, to save us from the dangers which are gathering around us; but while we hesitate or do nothing, time flies, and interest accumulates. Let the State make a permanent reduction of taxes, and it is vain to attempt to obtain money for the completion of the canal; all confidence in your resolutions and declarations of honesty is gone for ever. You will repudiate practically if not avowedly; you will be shunned by all honest men; your best citizens will seek other homes; public and private debt will accumulate, and overwhelming ruin and disgrace will come upon a State capable of being the first in the Union. Take the other course and all will be well. We can preserve our fame untarnished, regain our credit, and at no distant day exhibit the most sublime illustration the world ever witnessed of the truth of the old maxim, that "honesty is the best policy."

